

Texas State Board of Public Accountancy

July 14, 2016

The Texas State Board of Public Accountancy met from 10:00 a.m. until 12:00 noon on July 14, 2016, at 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701-3900. A notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 3:27 p.m. on June 30, 2016. (TRD #2016-004451).
(ATTACHMENT 1)

Board Members Present

J. Coalter Baker, CPA
Presiding Officer
John R. Broaddus, CPA
Rocky L. Duckworth, CPA
Member-at-Large
Donna J. Hugly, CPA
Assistant Presiding Officer
Susan Fletcher
Ross T. Johnson, CPA
William Lawrence
Member-at-Large
Robert M. McAdams, CPA
Treasurer
Roselyn E. Morris, Ph.D., CPA
Benjamin Peña, CFE, CPA
Kimberly E. Wilkerson, Esq.
Phillip W. Worley

Board Members Absent

Jonathan B. Cluck, Esq.
excused
Timothy L. LaFrey, Esq., CPA
excused
Steve D. Peña, CPA
Secretary, excused

Others Present

Frank McElroy, Esq.
Robert Owen, CPA
Frank Sands, CPA

Staff Present

Bryce Beasley
Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Karen Davis
Lance Fitzgerald, Esq., CPA
Alan Hermanson, CPA
Donna Hiller
Joseph Jaffe
Marissa Mahoney
Julie Prien
Marisa Rios
April Serrano
William Treacy
Daniel Weaver

- I. Mr. Baker, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.

Mr. Worley moved to excuse Mr. Cluck, Mr. LaFrey, and Mr. S. Peña from the Board meeting. Ms. Hugly seconded the motion and it passed unanimously.

At this time, Mr. Treacy introduced Lance Fitzgerald who is the new Technical Standards Review Committee liaison.

- II. Ms. Hugly moved to approve the May 12, 2016 Board meeting minutes as presented. Dr. Morris seconded the motion and it passed unanimously.
- III. Mr. Baker, Executive Committee Chair, reported on the July 13, 2016 committee meeting.

Members Present

J. Coalter Baker, CPA
Rocky L. Duckworth, CPA
Donna J. Hugly, CPA
William Lawrence
Robert M. McAdams, CPA

Member Absent

Steve D. Peña, CPA

Others Present

Frank Sands, CPA

Staff Present

Karen Davis
Alan Hermanson, CPA
Donna Hiller
William Treacy
Daniel Weaver

- A. Mr. Broaddus moved to approve the Board's financial statements as presented. Ms. Fletcher seconded the motion and it passed unanimously.

- B. Mr. Broaddus moved to approve the Board's Budget Plan for FY 2017 as presented. Ms. Fletcher seconded the motion and it passed unanimously. In relation to fees, the following changes were recommended:

1. Individual License Fee: no change for FY 2017; increase in FY 2020 from \$56 to \$62
2. Firm License Fee: reduce from \$60 to \$50 for FY 2017 and 2018; increase to \$60 in FY 2019
3. Exam Application of Intent Fee: reduce from \$60 to \$20 beginning FY 2017
4. Exam Eligibility Fee per part: reduce from \$20 to \$10 per part beginning FY 2017

- C. The following was reported:

1. Mr. Baker reviewed the following NASBA date of interest:

- 109th Annual Meeting – October 30–November 2, 2016 in Austin, TX.

2. Mr. Baker reported that he, Ms. Hugly, Mr. McAdams, Mr. Duckworth, Dr. Morris, Mr. B. Peña, Mr. Treacy and Mr. Hill attended the NASBA Western Regional Meeting. Topics of discussion included the Chartered Global Management Accountant (CGMA) designation and the AICPA's proposed changes to the Peer Review Program. Mr. Johnson attended the NASBA Eastern Regional Meeting and commented on the new Board Member Orientation Program.

- D. Mr. Baker reported that the committee had discussed proposed changes to the AICPA's Standards for Performing and Reporting on Peer Reviews and no action was taken.

- E. Mr. McAdams moved to approve the following professional service contract amendment and new contract as presented. Mr. Broaddus seconded the motion and it passed unanimously.

FY 2016 amendment:

Independent consultant contract (SOAH litigation):

- Mary Alice Boehm-McKaughan 05/01/16 – 08/31/16 \$75,000
(Increase contract by \$75,000 from \$151,000 to \$226,500)

FY 2016:

Independent consultant contract (SOAH litigation):

- Dubois Bryant & Campbell 06/20/16 – 08/31/16 \$25,000

- F. Mr. Baker reviewed thank you letters from the public.

- G. Performance evaluation of the executive director - Mr. Baker reported that this agenda item discussion will be taken up at the end of the Board meeting.

- IV. Ms. Hugly, Rules Committee Chair, reported on July 13, 2016 committee meeting.

Members Present

J. Coalter Baker, CPA
ex officio
Rocky L. Duckworth, CPA
Donna J. Hugly, CPA

Members Absent

Jonathan B. Cluck, Esq.
Timothy L. LaFrey, Esq.,
CPA
Steve D. Peña, CPA

Others Present

William Lawrence
Robert M. McAdams, CPA
Robert Owen, CPA
Frank Sands, CPA

Staff Present

Paulette Beiter, Esq.
Karen Davis
Alan Hermanson, CPA
Donna Hiller
Marissa Mahoney
Marisa Rios
William Treacy
Daniel Weaver

- A. Mr. Broaddus moved to authorize the executive director to have the proposed re-adoption and revisions of *Chapter 505 (The Board)* published in the *Texas Register* for public comment. Ms. Fletcher seconded the motion and it passed unanimously. **(ATTACHMENT 2)**
 - B. Ms. Fletcher moved to adopt *Chapter 527 (Peer Review)* as published in the *Texas Register* as revised in accordance with the AICPA's letter of comment except that the adoption not include the comment letter's proposal to *Rule 527.4 (c) (Enrollment and Participation)* to lengthen the time between peer reviews. Mr. Broaddus seconded the motion and it passed unanimously. **(ATTACHMENT 3)**
 - C. Mr. McAdams moved to authorize the executive director to publish the proposed amendments to *Rule 501.91 (Reportable Events)* in the *Texas Register* for public comment. Mr. B. Peña seconded the motion and it passed unanimously. **(ATTACHMENT 4)**
 - D. Mr. Broaddus moved to authorize the Rules Committee to respond to the June 1, 2016 exposure draft circulated by the AICPA and NASBA regarding proposed revisions to *Section 6* of the *Uniform Accountancy Act (UAA-Recognition of Foreign Professionals)* and *Article 5* of the *Model Rules (Changes for Examination)*. Ms. Fletcher seconded the motion and it passed unanimously.
 - E. Ms. Hugly reported that the next committee meeting was scheduled for September 21, 2016 at 9:30 a.m.
- V. Dr. Morris, Qualifications Committee Chair, reported on the July 13, 2016 committee meeting.

Members Present

J. Coalter Baker, CPA
ex officio
James Flagg, Ph.D., CPA
J. Kamas, CPA
Robert M. McAdams, CPA
Roselyn Morris, Ph.D., CPA
Benjamin Peña, CFE, CPA
Melanie Thompson, CPA

Others Present

Frank Sands, CPA

Staff Present

Paulette P. Beiter, Esq.
Gilbert Gutierrez
Donna Hiller
William Treacy

- A. Dr. Morris reported that the committee reviewed information from Mountain View Community College and instructed staff to send a certified letter to the administrator covering the following points:
 - 1. Ongoing accounting adjunct faculty members may advise accounting students provided that a full-time accounting faculty member is responsible for establishing and maintaining the process.
 - 2. The Board's designation Qualifying Education Credit for CPA Examination is required for the college to offer the comprehensive accounting program.
 - 3. A response from Mountain View Community College is required within 60 days from receipt of the Board's letter.
 - B. Dr. Morris reported that no action was taken regarding the Business Foundations Certificate program and courses offered at the University of Texas – Austin.
 - C. Mr. Broaddus moved to provide NASBA information regarding proposed changes to *Rule 5-7 (Retake and Granting of Credit Requirements)*. Mr. Worley seconded the motion and it passed unanimously.
 - D. Dr. Morris informed the Board that the committee began its rule review process and considered several rules in *Chapter 511 – Eligibility*.
 - E. Dr. Morris reported that the committee reviewed other information received from other boards of accountancy, NASBA, the AICPA and Prometric.
- VI. Mr. Broaddus, Behavioral Enforcement Committee Chair, reported on the June 30, 2016 committee meeting.

Members Present

John R. Broaddus, CPA
Donna J. Hugly, CPA
James D. Ingram, IV, CPA
Karen W. Jones, CPA
Timothy L. LaFrey, Esq., CPA
Benjamin Peña, CFE, CPA

Members Absent

Jonathan B. Cluck, Esq.
Donald W. Harcum, CPA

Staff Present

Paulette P. Beiter, Esq.
J. Randel Hill, Esq.

- A. Mr. McAdams moved to dismiss the following investigations based on insufficient evidence of a violation of the *Rules* or *Act*. Ms. Fletcher seconded the motion and it passed.

1. Investigation Nos. 15-12-23L¹ and 15-12-24L¹
2. Investigation Nos. 16-04-11L¹ and 16-04-12L¹
3. Investigation Nos. 16-03-11L¹ and 16-03-12L¹
4. Investigation Nos. 16-04-03L¹ and 16-04-04L¹
5. Investigation Nos. 16-04-09L¹ and 16-04-10L¹
6. Investigation Nos. 16-04-07L¹ and 16-04-08L¹
7. Investigation Nos. 16-04-05L¹ and 16-04-06L¹
8. Investigation Nos. 16-05-12L¹ and 16-05-13L¹
9. Investigation Nos. 16-03-02L¹, 16-03-03L¹, and 16-03-04L¹
10. Investigation Nos. 16-04-01L¹ and 16-04-02L¹

- B. Mr. Worley moved to dismiss **Investigation No. 16-03-01L¹** based on voluntary compliance. Mr. B. Peña seconded the motion and it passed.

- C. Other – The committee considered four other investigations, which require no Board action at this time.

- D. The next committee meeting was scheduled for August 24, 2016.

- VII. Mr. Duckworth, Technical Standards Review Committee Chair, reported on the April 26, 2016 committee meeting.

Members Present

Rocky L. Duckworth, CPA
David L. King, CPA
Michael McConnell, CPA
Steve D. Peña, CPA
Kimberly Wilkerson, Esq.

Members Absent

Ross T. Johnson, CPA
David W. Rook, CPA

Staff Present

J. Randel Hill, Esq.
Virginia Moher, Esq., CPA

- A. Mr. Broaddus moved to dismiss **Investigation No. 15-07-17L²** based on insufficient evidence of a violation of the *Act* and the Board's *Rules*. Ms. Hugly seconded the motion and it passed.

- B. The next committee meeting was scheduled for August 10, 2016.

- VIII. Ms. Beiter, Staff Attorney, reported on the status of the Enforcement Division's probation monitoring docket.

- IX. Ms. Beiter, Staff Attorney, reported on the status of investigations into alleged violations of *Subchapter J* of the *Public Accountancy Act*, regarding the unauthorized practice of public accountancy.

- X. The Board took the following actions on Agreed Consent Orders and Proposals for Decisions:

A. Agreed Consent Orders

Behavioral Enforcement Committee

Mr. Worley moved to approve the following Agreed Consent Orders (ACOs) as presented. Mr. Lawrence seconded the motion and it passed.

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|-----------------------|--------------------------|------------------|-----------------|
| 1. Investigation No.: | 15-05-11L | Hometown: | San Antonio, TX |
| Respondent: | Michael Wesley Covington | Certificate No.: | 070743 |
| Rule Violation: | 501.90(17) | | |
| Act Violation: | 901.502(6) | | |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$2,000 in administrative penalties and \$214.42 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent is required to complete his next required ethics continuing professional education (CPE) course in a live course and submit proof of completion to the Board. Respondent voluntarily disclosed confidential information communicated to him by his employer.¹

Ms. Fletcher moved to approve the following Agreed Consent Orders (ACOs) as presented. Mr. Worley seconded the motion and it passed.

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|----|---------------------------|--------------------------|-------------------------|--------------------|
| 2. | Investigation No.: | 16-03-10L | Hometown: | Dalhart, TX |
| | Respondent: | Chad Allen Miller | Certificate No.: | 074244 |
| | Rule Violation: | 501.90(10) | | |
| | Act Violation: | 901.502(6) | | |

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay \$273.95 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent may not act as a trustee or executor for any trust or estate without prior approval from the Board. Respondent breached his fiduciary responsibility to the beneficiaries of a trust of which he was the trustee.³

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|----|---------------------------|-----------------------------|-------------------------|--------------------|
| 3. | Investigation No.: | 16-02-10L | Hometown: | Houston, TX |
| | Respondent: | Joseph William Peine | Certificate No.: | 078173 |
| | Rule Violation: | 501.90(17) | | |
| | Act Violation: | 901.502(6) | | |

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded and ordered to pay \$1,000 in administrative penalties and \$83.38 in administrative costs within 30 days of the date of the Board Order. Respondent communicated that his employer was preparing to release fraudulent financial statements and provided information to a reporter which was used by the reporter in a published article.³

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|----|----------------------------|---|-------------------------|------------------------|
| 4. | Investigation Nos.: | 15-12-16L & 15-12-17L | Hometown: | San Antonio, TX |
| | Respondents: | John Michael Sabatino &
John M. Sabatino, CPA,
P.C. (Firm) | Certificate No.: | 024512 |
| | | | Firm License No: | C06053 |
| | Rule Violations: | 501.74, 501.77 | | |
| | Act Violation: | 901.502(6) | | |

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay \$1,750 in administrative penalties and \$238.22 in administrative costs within 30 days of the date of the Board Order. Respondent failed to properly supervise and oversee the work being performed by an enrolled agent employed by Respondent Firm. Respondent Firm issued inaccurate tax returns prepared by an employee not licensed by the Board.³

Technical Standards Review Committee

Ms. Hugly moved to approve the following Agreed Consent Orders (ACOs) as presented. Mr. Broadus seconded the motion and it passed.

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|----|---------------------------|---------------------------------|-------------------------|-------------------|
| 1. | Investigation No.: | 15-03-25L | Hometown: | Dallas, TX |
| | Respondent: | Edward James Chytil, Jr. | Certificate No.: | 037866 |
| | Rule Violations: | 501.60, 501.74 | | |
| | Act Violations: | 901.502(6), 901.502(11) | | |

Respondent entered into an ACO with the Board whereby Respondent's license was suspended for a period of two years; however, this suspension was stayed and the Respondent was placed on probation for two years from the effective date of the Order. The Board further orders that the Respondent pay administrative costs of \$702.77 within 30 days of the effective date of this Order. In addition, Respondent's certificate was placed on Limited Scope Status as described below until a petition for removal is approved. The Respondent is prohibited from acting in a supervisory capacity on audit engagements required by the Board to be performed in accordance with the auditing standards adopted by the American Institute of Certified Public Accountants (AICPA) or another national accounting organization recognized by the Board. Any CPA firm licensed by Respondent is prohibited from performing audit engagements required by the Board to be performed in accordance with the auditing standards adopted by the AICPA or another national accounting organization recognized by the Board. Respondent was the audit manager of the CPA firm of Mahesh K. Thakkar, CPA, Inc., license number C07243. Respondent failed to assure that an audit of S. Noorani International, Inc. for the year ending December 31, 2011 complied with generally accepted auditing standards (GAAS) in all material respects.²

2. **Investigation No.:** 13-01-28L **Hometown:** Waco, TX
Respondent: David M. Martin **Certificate No.:** 033408
Rule Violation: 501.90(7)
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's license was suspended for a maximum period of three years from the effective date of the Order. Respondent may apply for a modification of this ACO upon a showing that the SEC has lifted the suspension imposed by the SEC. Respondent must also pay administrative costs of \$1,514.20 within 30 days of the effective date of this order. Respondent agreed to a three year suspension from appearing or practicing before the Securities and Exchange Commission (SEC). The SEC found that Respondent certified that financial statements were presented in accordance with generally accepted accounting principles (GAAP) although the entity reported revenue utilizing a revenue recognition practice that was not in accordance with GAAP.⁴

3. **Investigation Nos.:** 16-02-01L & 16-02-02L **Hometown:** Alice, TX
Respondents: David Leon McNinch & **Certificate No.:** 016411
D. Leon McNinch, CPA, P.C. **Firm License No.:** C06976
Rule Violation: 527.5
Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondents were Reprimanded and the certificate and firm license were placed on Limited Scope Status until a petition for removal is approved. Respondents are prohibited from performing audit services, review services, compilation services and any other engagements required by the Board to be performed in accordance with the standards for auditing, accounting, and review services adopted by the AICPA or another national accounting organization recognized by the Board. The Board also orders that Respondents pay administrative costs of \$476.44. Respondent Firm has received three successive deficient peer reviews.⁴

4. **Investigation Nos.:** 15-07-03L & 15-07-04L **Hometown:** Richmond, TX
Respondents: Thuy T. Nguyen & **Certificate No.:** 079773
Nguyen Accounting **Firm License No.:** C08583
Group, Inc.
Rule Violations: 501.62, 501.74, 527.4
Act Violations: 901.502(6), 901.502(12)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay administrative costs of \$6,621.84 within 30 days of the date of the effective date of the Board order. In addition, Respondents are subject to scope limitations from the effective date of the Board Order until an application for removal of the limitations is found acceptable to the Committee and ratified by the Board. Respondents are prohibited from performing audit services and review services required by the Board to be performed in accordance with the standards for auditing, accounting, and review services adopted by the AICPA or another national accounting organization recognized by the Board. Respondents may issue compilation reports after they have been reviewed and accepted for release to a client by a pre-approved pre-issuance reviewer. Respondents failed to competently prepare compiled financial statements. Respondent Firm did not enroll in the applicable peer review programs of an approved sponsoring organization within 12 months from the performance of services that require a review.⁴

Mr. Broadus moved to approve the following Agreed Consent Orders (ACOs) as presented. Ms. Hugly seconded the motion and it passed.

5. **Investigation No.:** 15-07-16L **Hometown:** Dallas, TX
Respondent: Dale John Jensen **Certificate No.:** 081626
Rule Violation: 501.90(8)
Act Violation: 901.502(6)

Respondent entered into an ACO with the Board whereby Respondent was Reprimanded and ordered to pay administrative costs of \$655.11 within 30 days of the date of the Board Order. Respondent was censured by the Public Company Accounting Oversight Board (PCAOB) for failing to comply with PCAOB Auditing Standard No. 7, Engagement Quality Review. Respondent served as an engagement quality reviewer on two audits immediately after serving as the engagement partner on audits, without satisfying the mandatory two year "cooling-off" period for former engagement partners.²

6. Investigation Nos.:	15-03-15L, 15-07-14L, 15-03-16L & 15-07-15L	Hometown:	Port Isabel, TX
Respondents:	Juan Eduardo Rivera & Juan Eduardo Rivera (Firm)	Certificate No.:	023815
Rule Violations:	501.81, 501.90(17), 501.93, 527.5	Firm License No.:	S03394
Act Violations:	901.502(6), 901.502(11), 901.502(12)		

Respondents entered into an ACO with the Board whereby Respondent Rivera's certificate and Respondent Firm's license were revoked. In addition, Respondent Rivera must pay an administrative penalty of \$10,000 and \$3,210.03 in administrative costs within 30 days of the date of the Board Order. Respondent firm received two successive "fail" ratings on peer reviews. Respondent Firm did not timely complete an accelerated peer review ordered by the Board. Respondent Firm's license was expired from January 1, 2010 until August 26, 2012 due to non-payment of fees and during that period Respondent firm continued to issue attest services. Respondent Firm was subject to a scope limitation requiring pre-issuance review of audits and effective during the following time periods: March 24, 2011 through March 23, 2013 and November 21, 2013 to the present day. No pre-issuance review was obtained before the audit reports dated November 30, 2011, October 4, 2013 and September 28, 2015 were issued. Respondents failed to provide requested copies of work papers and did not substantively respond to correspondence dated August 26, 2015, November 24, 2015 and January 4, 2016 in a timely fashion.²

B. Mass Hearings

Mr. McAdams moved to approve the following Proposals for Decision as presented. Mr. B. Peña seconded the motion and it passed unanimously.

1. Respondents: In the Matter of Disciplinary Action Against Certain Licensees for Nonpayment of Professional Fees for Three Consecutive License Periods

The respondents failed to pay their licensing fees for three consecutive license periods. Following the public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the certificate of each respondent not in compliance be revoked without prejudice. Each respondent may regain his or her certificate by paying all license fees and penalties and by otherwise coming into compliance with the *Act*. (ATTACHMENT 5)

Docket	Investigation Numbers	Scheduled Hearing
457-16-1749	16-02-10001 – 16-02-10033	March 29, 2016
457-16-2224	16-03-10001 – 16-03-10036	April 26, 2016

2. Respondents: In the Matter of Disciplinary Action Against Certain License Holders for CPE Delinquencies

The respondents failed to comply with CPE reporting requirements found in *Chapter 523* of the *Rules* and *Section 901.411* of the *Act*. Following the scheduled public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the license of each respondent not in compliance be suspended for a period of three years, or until he or she complies with the licensing requirements of the *Act*, whichever is sooner. Additionally, the ALJ recommended a \$100 penalty be imposed for each year a respondent is not in compliance with the Board's CPE requirements. (ATTACHMENT 6)

Docket	Investigation Numbers	Scheduled Hearing
457-16-1750	16-02-10034 – 16-02-10182	March 29, 2016
457-16-2225	16-03-10037 – 16-02-10166	April 26, 2016

3. Respondents: In the Matter of Disciplinary Action Against Certain Certificate Holders for Failure to Complete License Notice

The respondents failed to complete their license renewal notices in accordance with *Section 515.3* of the Board's *Rules*. Following a public hearing, an Administrative Law Judge (ALJ) of the State Office of Administrative Hearings recommended that the certificate of each respondent not in compliance be revoked without prejudice until such time as the respondent complies with the requirements of the *Rules* and the *Act*. (ATTACHMENT 7)

Docket	Investigation Numbers	Scheduled Hearing
457-16-1751	16-02-0183 – 16-02-10194	March 29, 2016
457-16-2226	16-03-10167 – 16-03-10174	April 26, 2016

C. Proposal for Decision:

Mr. McAdams moved to approve the following Proposal for Decision as presented. Mr. Broaddus seconded the motion and it passed unanimously.

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|-----------------------------|-----------------------------|-------------------------|--------------------|
| • Investigation No.: | 13-11-15L | Hometown: | Houston, TX |
| SOAH Docket No.: | 457-15-4145 | Certificate No.: | 019904 |
| Respondent: | Henri De Sola Morris | | |

The SOAH ALJ issued a Proposal for Decision (PFD) and deemed as admitted the allegations that Respondent violated Board *Rules 501.90(4), 501.90(13), 501.91(a)(1)(A), and 501.91(d)* as well as *Sections 901.502(6), 901.502(10) and 901.502(11)* of the *Act*. The ALJ also stated that the Board was entitled to the following relief: that Respondent's license and certificate be revoked, that Respondent be assessed a \$25,000 administrative penalty and direct administrative costs be imposed. The Board is in agreement with the ALJ's recommendation. The Respondent pled guilty to the felony of traveling in interstate commerce and committing, or attempting to commit, drug-facilitated sexual assault with a female subordinate and is currently serving a prison term of 120 months.

- XI. Mr. Broaddus moved to adopt the following Board *Rules*. Dr. Morris seconded the motion and it passed unanimously.

1. *Section 501.51. Preamble and General Principles (ATTACHMENT 8)*
2. *Section 501.52. Definitions (ATTACHMENT 9)*
3. *Section 501.60. Auditing Standards (ATTACHMENT 10)*
4. *Section 501.62. Other Professional Standards (ATTACHMENT 11)*
5. *Section 501.75. Confidential Client Communications (ATTACHMENT 12)*
6. *Section 501.76. Records and Work Papers (ATTACHMENT 13)*
7. *Section 501.94. Mandatory Continuing Professional Education (ATTACHMENT 14)*
8. *Section 518.3. Violation of a Cease and Desist Order (ATTACHMENT 15)*
9. *Section 518.4. Administrative Penalty Guidelines for Violations of Cease and Desist Orders (Repeal)*
10. *Section 518.4. Injunctive Relief and Penalties (New) (ATTACHMENT 16)*
11. *Section 518.6. Administrative Penalty Guidelines for the Unauthorized Practice of Public Accountancy (New) (ATTACHMENT 17)*
12. *Section 527.2. Definitions (ATTACHMENT 18)*
13. *Section 527.3. Standards for Peer Reviews and Sponsoring Organizations (ATTACHMENT 19)*
14. *Section 527.4. Enrollment and Participation (ATTACHMENT 20)*
15. *Section 527.5. Deficient Reviews (ATTACHMENT 21)*
16. *Section 527.6. Reporting to the Board (ATTACHMENT 22)*
17. *Section 527.7. Peer Review Oversight Board (ATTACHMENT 23)*
18. *Section 527.10. Peer Review Report Committee (ATTACHMENT 24)*
19. *Section 527.11. Responsibilities of Peer Review Report Committee (ATTACHMENT 25)*

- XII. Mr. Baker reviewed the schedule of future Board meetings.

- III-G. At this time, Mr. Baker reported that the Board would discuss the evaluation of the Executive Director based on input from all Board members. After a discussion, Mr. McAdams moved to increase Mr. Treacy's salary to \$160,000. Ms. Hugly seconded the motion and it passed unanimously.

- XIII. Mr. Baker adjourned the meeting at 12:00 noon.

ATTEST:

J. Coalter Baker, CPA, Presiding Officer

Steve D. Peña, CPA, Secretary

¹ Mr. Broaddus, Ms. Hugly, and Mr. B. Peña recused themselves from participating in this matter.

² Mr. Duckworth, Mr. Johnson, and Ms. Wilkerson recused themselves from participating in this matter.

³ Mr. Broaddus and Ms. Hugly recused themselves from participating in this matter.

⁴ Mr. Duckworth and Ms. Wilkerson recused themselves from participating in this matter.